



Success Story

Delaware District Office

Restructuring Positions Mohawk Electrical Systems for Global Marketplace

By Jayne Armstrong

Mohawk Electrical Systems has been a fixture in the Milford business community for more than 40 years. Founded by Stephen Welch and his father, and now run by Stephen's son Scott, the company employs 31 people, including several employees who have been with the company since the early years. Scott Welch started working at the family-owned business in 1988 and worked his way up from the director of quality assurance to president in 2001.

Mohawk manufactures electrical cable and harness assemblies, eletromechanical assemblies, and printed circuit board assemblies for the military and value-added manufacturing clients. It also provides prototyping and pilot production, build-to-print manufacturing, in-house tooling and design, and manufacturing and design assistance. Product areas include medical instruments and power supplies for fiber optic modem harness assemblies in radar systems.

Although Mohawk has many regional customers, including Dade Behring and ILC Dover, Welch quickly realized the company needed to expand its export capabilities to survive in today's global marketplace. Thanks to Mohawk's aggressive marketing efforts, it was awarded two large international contracts in 2001. Ironically, the contracts were awarded just days before the September 11, 2001, terrorist attacks.

Welch turned to the U.S. Small Business Administration's (SBA) U.S. Export Assistance Center and Wilmington Trust to finance a \$1.75 million SBA Export Working Capital line of credit, which was renewed the following year. The financing enabled Mohawk to meet the terms of the contract and to expand its international markets.

"It is a pleasure to work with a client like Scott who is committed to growing his business in an intelligent manner," said Jan Jenkins of Wilmington Trust. "He is forward thinking and has been proactive in using the resources of the SBA, SBDC and DEMEP. I am so glad that Wilmington Trust could play a part in Mohawk's success story."

Welch immediately faced the challenge of restructuring the company to meet the contracts' exacting specifications and rigorous delivery schedules. He worked closely with the Delaware Manufacturing Extension Partnership (DEMPEP) to develop a quality management system that included ISO 9001:2000 certification. By establishing performance metrics and implementing a quality tracking system, Mohawk now holds itself accountable for quality products. Its lean manufacturing strategy has drastically improved the efficiency of its operations.

Like many small businesses, Welch took advantage of free business seminars offered by the SBA, the Small Business Development Center (SBDC) and the SBDC's Family Business Center. It is through these seminars that he learned about the SBA's Export Assistance Center and Bob Elsas. Elsas helped him through the export financing process and provided valuable advice on how to expand export markets. As a result, Mohawk has streamlined its international strategy and now focuses on four countries in Europe and the Pacific Rim.

Throughout Mohawk's restructuring process, Welch established alliances with other Delaware manufacturers, improved the quality of the company's components, and enhanced his employees' skills. These efforts enabled Mohawk to deliver its products to its clients on time. The benefits of his hard work resulted in increased sales and profitability. The restructuring also opened the door for Mohawk to work with several American military allies and positioned it for more U.S. contracts in 2005.

Mohawk's success has a domino effect on the local economy: as it grows, it outsources more work to other local small manufacturers, which in turn grow their revenues and expand their businesses. The result is the creation and retention of more than 100 jobs in Sussex County, benefiting many local families.

As Mohawk's business increased, the company expanded its outsourcing to Atlantis Industries, Kent & Sussex Industries, and First State Manufacturing. Atlantis Industries, a Milton-based manufacturer of plastic injection molding, has maintained a business relationship with Mohawk for over 20 years. The additional work from Mohawk has enabled Atlantis to expand and retain its 55-employee workforce. First State Manufacturing, also located in Milford, supports Mohawk's international contracts by manufacturing the canvas bags used for shipping the products. Mohawk also plays a major role in supporting individuals with disabilities by subcontracting its packaging and shipping work to Kent & Sussex Industries, a local sheltered workshop. The workload supports 10 employees with disabilities.

Welch's turnaround of Mohawk and the company's subsequent growth was recognized this year by the SBA when he was named Delaware's Exporter of the Year during the agency's Small Business Week festivities.

In streamlining Mohawk's manufacturing process, Welch positioned it to successfully compete in today's global marketplace. Thanks to his vision, Mohawk and its suppliers continue to have an impact on the local economy, and this third-generation family-owned business successfully transitioned itself into the 21st Century.

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